

HAYNES **International**

Fiscal Year 2023 Third Quarter Results **June 30, 2023**



111 Years of Alloy, Process, and Product Innovation

Forward-looking statements

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From our earnings release



“Based on our team’s excellent response to the June cyber-security incident, we were able to contain the impact within our third quarter. We are now producing at very high levels at each of our facilities. We anticipate that our fourth quarter volume shipped will be the best of the fiscal year.

Michael L. Shor, President and CEO of Haynes International.



A key strength of our Company continues to be our talented and dedicated workforce. We are pleased with the recently ratified five-year labor agreement at our Kokomo facility.



Net revenue of **\$143.9M**, reduced by an estimated **\$18-\$20M** due to a cyber-security incident. The Company is now back to full production and expects to make up the third quarter cyber-related revenue impact over the next few quarters.



Margin compression from RM headwinds, along with the impact of the cybersecurity incident, resulted in a gross margin of **18.1%** of net revenue.



Net income of **\$8.8M**, or **\$0.68** diluted EPS, reduced by an estimated **\$0.40-\$0.45** from the cyber-security incident and an additional **\$0.09** from the RM headwind. This compares to last year’s Q3 net income of **\$15.6M**, or **\$1.24** diluted EPS, which included a favorable RM tailwind of **\$0.25** per diluted share.



Quarter-end revolver balance of **\$98.7M**, a decrease of **\$9.3M** during the third quarter of fiscal 2023. Renewed credit facility and increased to **\$200M** providing strong liquidity.

Strength of gross margin continues

	FY19	FY20				FY21				FY22				FY23		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
kLbs Sold	5,424	4,222	4,326	3,171	2,947	2,792	3,522	3,730	3,966	3,877	4,338	4,541	4,833	4,552	4,667	4,427
Revenue \$ (in MM)	\$130	\$109	\$112	\$81	\$80	\$72	\$82	\$88	\$95	\$99	\$117	\$130	\$144	\$133	\$153	\$144
GM%	16.4%	17.3%	17.3%	3.3%	4.9%	1.4%	10.2%	15.5%	17.5%	17.9%	20.0%	25.5%	22.2%	17.4%	20.2%	18.1%*
Raw material impact in GM %										(1.7)%	(2.2)%	(3.1)%	(0.7)%	4.2%	1.1%	1.1%

* Impact of Q3FY23 cyber incident estimated at \$18-\$20 revenue and gross margin of 2.0%

Gross margin of **18.1%** of net revenue, which was compressed by raw material headwind estimated at **1.1%** and the cyber incident estimated at **2.0%**.

Excluding the impact of the raw material (both tailwinds and headwinds) and the cyber incident, gross margin has been relatively consistent and strong the past five quarters.

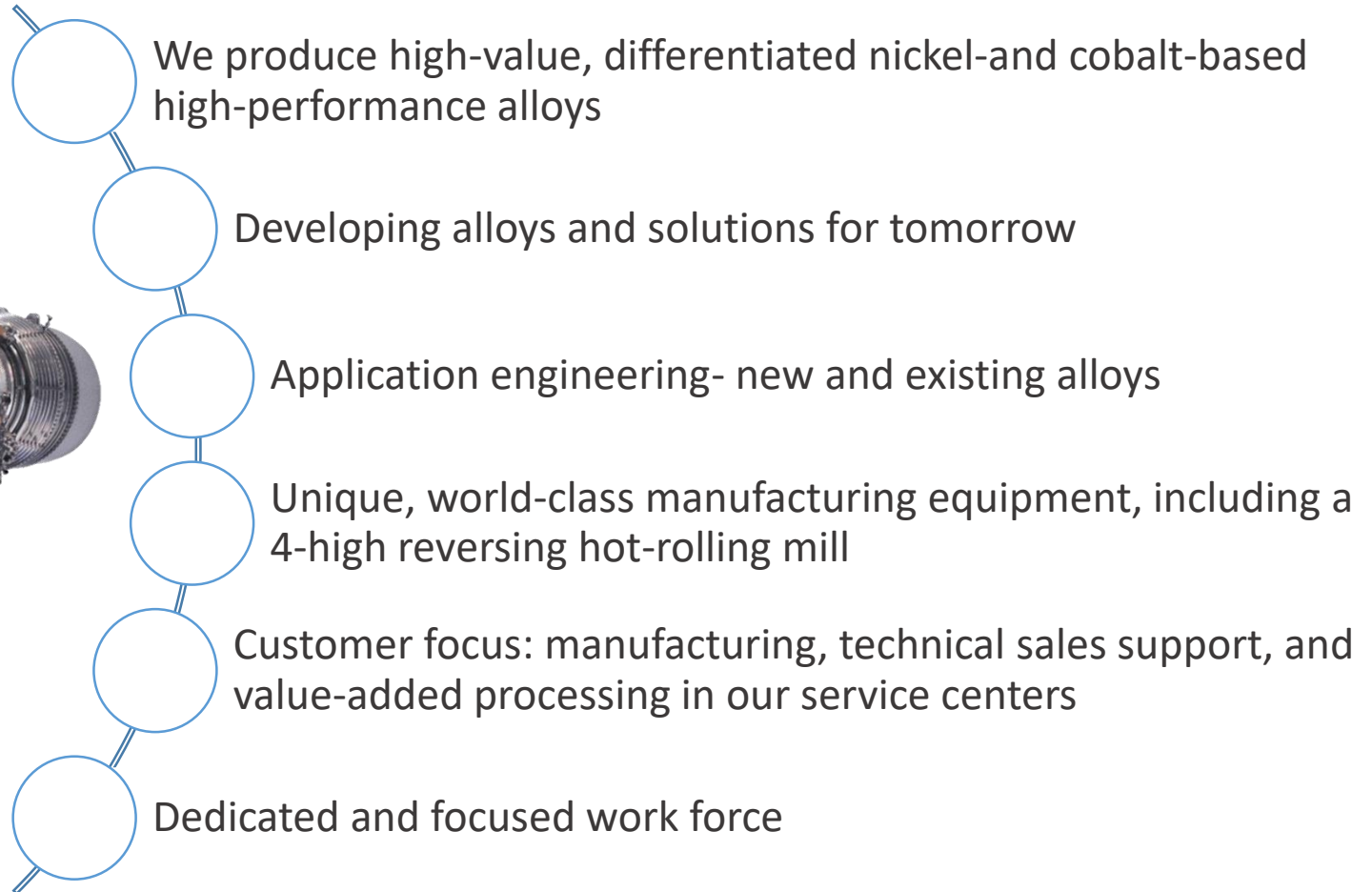
We have made a significant strategic effort to improve gross margins over the past few years, reducing the volume breakeven point by over **25%**.

Our goal continues to be offsetting inflationary pressure with price increases and cost reductions, such as improving yields, higher productivity and process improvements.

Profitability leverage being realized with 25% lower breakeven point.

More than a century of alloy innovation

For **111** years, Haynes International has been a leading developer, manufacturer, and distributor of high-performance nickel- and cobalt-based alloys for use in high- temperature and corrosion applications. Our focus is on innovation, differentiation, and customer service.

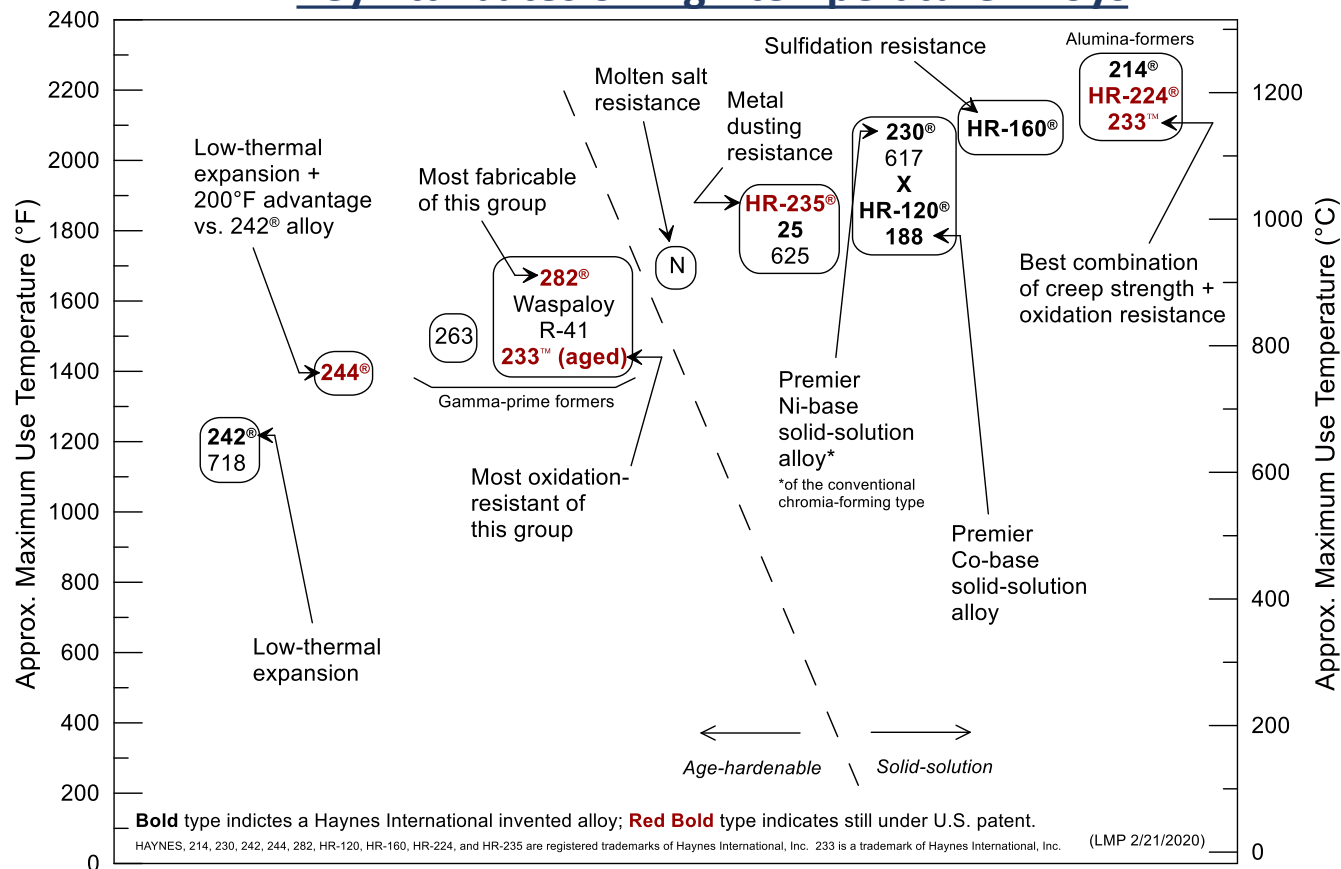


Alloy development is at the very heart of what we do.

More than **60%** of our sales are from our **HASTELLOY®** and **HAYNES®** alloys we invented. Approximately **20%** of our sales, and **1/3** of our margin is from proprietary alloys that no one else produces. Since 2003, our technical programs have yielded **nine** new proprietary alloys.

We currently have **22** published U.S. patents and applications.

Key Attributes of High-temperature Alloys

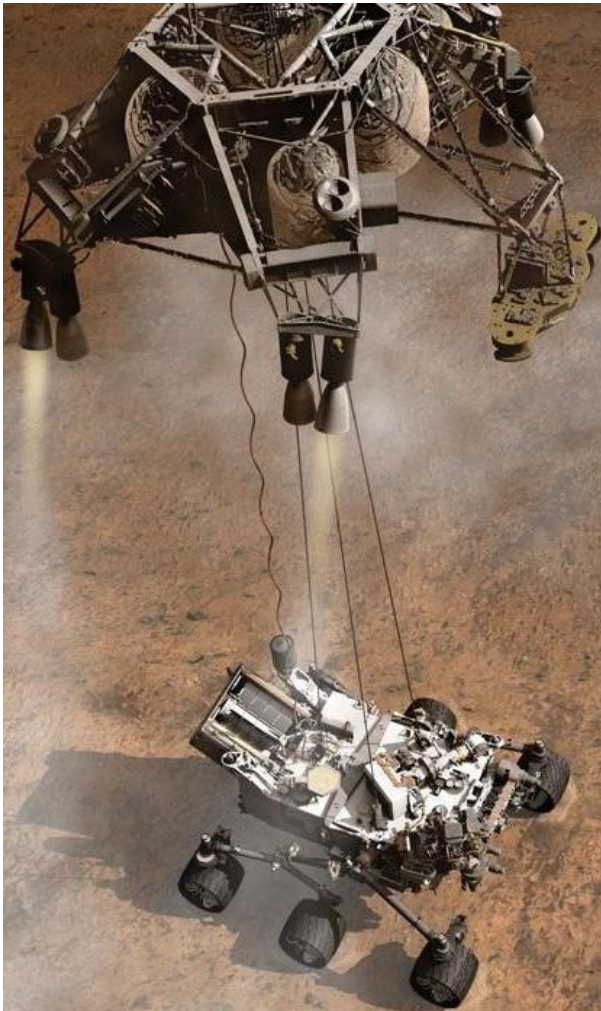


We don't merely react to industry requirements. We help define them.

Our products are out of this world...literally.

The Perseverance Rover

Landed February 18, 2021



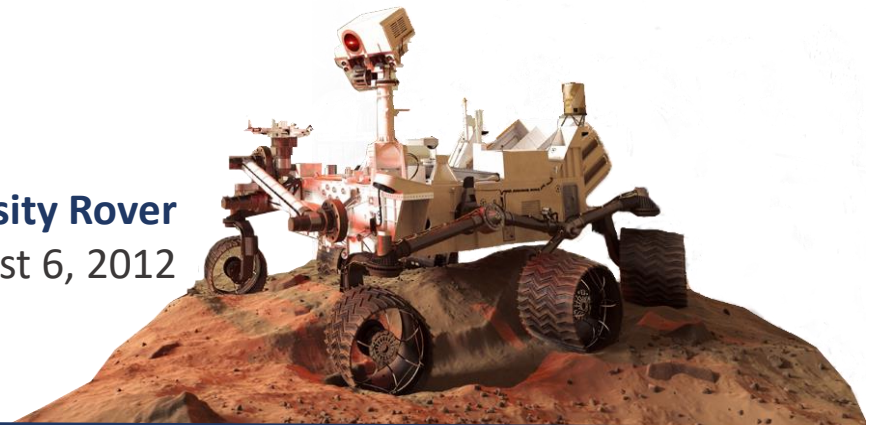
Our mission-critical alloys have flown on every Apollo and space shuttle flights, lowered the first Viking Mars Lander on August 20, 1975, and continue to be a part of historic space exploration missions.

February 18, 2021 marked the touchdown of the Perseverance rover at the Jezero Crater on Mars.

Like NASA's Curiosity Mission, our high-temperature, **HAYNES® 230® alloy** was used in the descent thrusters of the Sky Crane vehicle that safely lowered Perseverance to the Martian surface.

The Curiosity Rover

Landed August 6, 2012

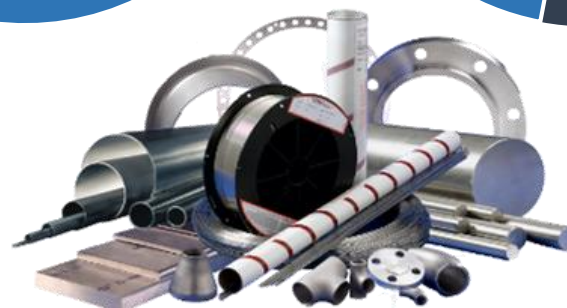
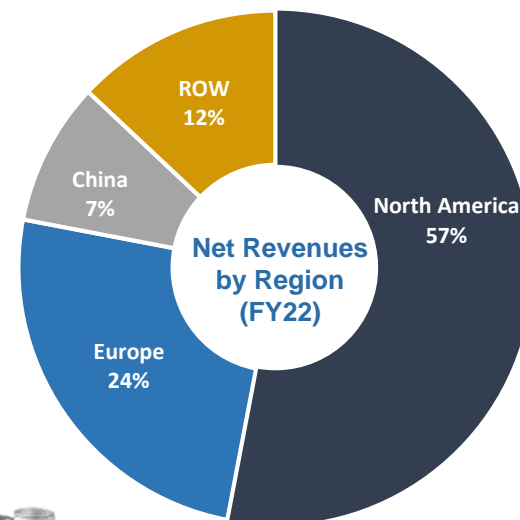
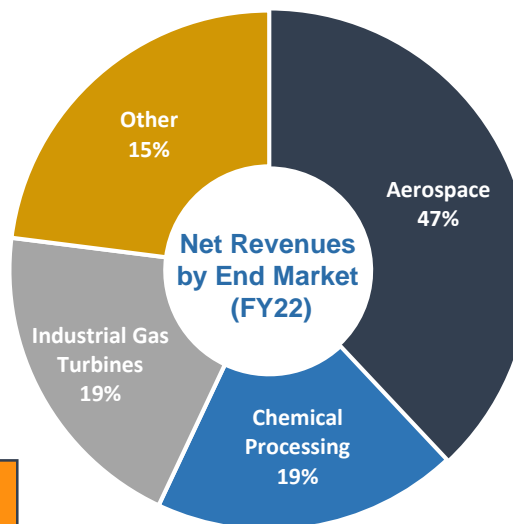


Haynes International- synonymous with high-performance alloys.

Our Manufacturing Facilities

- Kokomo, Indiana:
Melting and flat products
- Arcadia, Louisiana:
Tubular products
- Mountain Home, North Carolina:
Wire products

We manufacture sophisticated alloys for demanding end-uses. We have the specialized equipment and the technical expertise to market and manufacture these complex alloys.



Revenue by Alloy Family













High-temperature alloys	79%
Corrosion-resistant alloys	21%

Revenue by Product Forms

Flat products (sheet, coil, plate, cut parts)	62%
Tubular products	13%
Wire products	7%
Other long products (bar/billet)	18%

Key Markets Overview

Backlog at a record level of **\$468.1M** as of June 30, 2023, an increase of **\$21.4M** from the second quarter of FY23 and an increase of **\$130.0M** from the same period last year.

	Q3 FY23 Sales	Mix	vs. Last Year Q3FY22	vs. Sequential Q2FY23	Narrative
Cyber incident caused an 11-day outage impacting sales roughly \$18-\$20M , which we expect to make-up over the next few quarters into fiscal 2024.					
Aerospace	\$77,456	54%	27% 	16% 	Build schedules and forecasts remain high showing unprecedented demand and growth in the aerospace market.
Chemical Processing	\$17,696	12%	(27)% 	(38)% 	Revenues down significantly because of both the cyber incident and ongoing mix management & pricing for value initiatives.
Industrial Gas Turbine	\$28,073	20%	17% 	(13)% 	Seq down due to the cyber incident. Up YoY with share gain and increasing use of proprietary alloy in IGT
Other Markets	\$13,416	9%	(8)% 	(24)% 	Declined both Seq and YoY due to both the cyber Incident and our withdrawal from low margin flue gas desulfurization market.
Other Revenue	\$7,260	5%	12% 	(5)% 	YoY solid growth in conversion revenue.
Total	\$143,901	100%	11% 	(6)% 	Volume shipped was 4.4 million pounds.

Aerospace Market

Aerospace is a core strength for us, and it is our largest market. Single-aisle build schedule and forecasts remain high, including demand increases for multi-aisle aircraft engines creating unprecedented demand and growth in this market.

Our alloys are used in a strong suite of aerospace applications, including:

- Combustors
- Cases
- Rings
- Shrouds
- Fuel systems
- Afterburners
- Manifolds
- Hydraulic lines
- Heat shields
- Exhaust ducts

**HAYNES® 25, 188, 214®, 230®, 233®, 242®, 244®
263, 282®, 625, 718, NS-163®, Ti-3Al-2.5V,
Waspaloy, MULTIMET®, and HASTELLOY® X alloys**

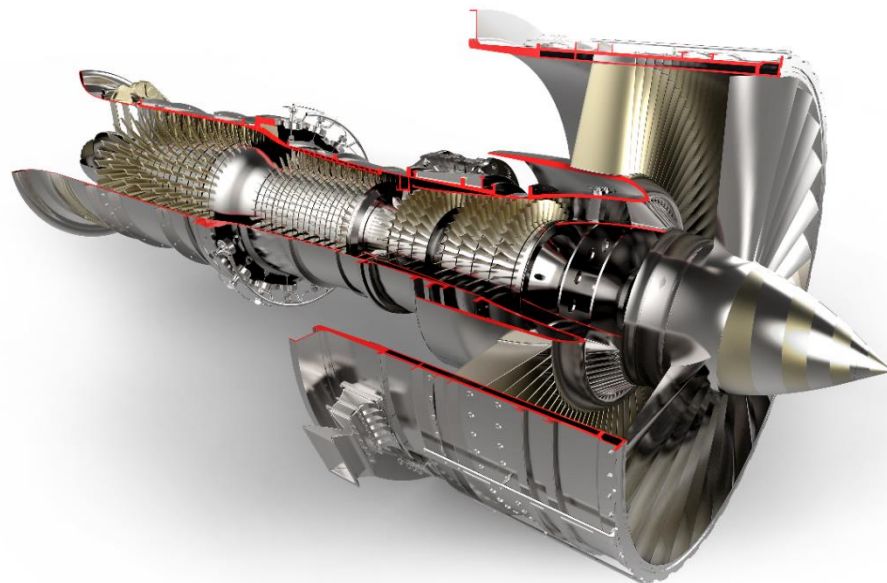
Q3 Fiscal Year 2023 (ending June 2023):

Net revenue at **\$77.5 million**, up **27%** from last year and up **16%** sequentially. Backlog at **\$286.2 million** at 6/30/23.

Aerospace accounted for **54%** of our revenue this quarter.

Volume at **2,376,000 lbs**, up **11%** from last year and up **20%** sequentially.

Average selling price at **\$32.60/lb.**



Chemical Processing Industry Market



Corrosion-resistant alloys in the CPI market are driven by our continued strong applications development, along with our technical, commercial and manufacturing support. Mix management efforts are decreasing volumes of certain lower-value alloys.

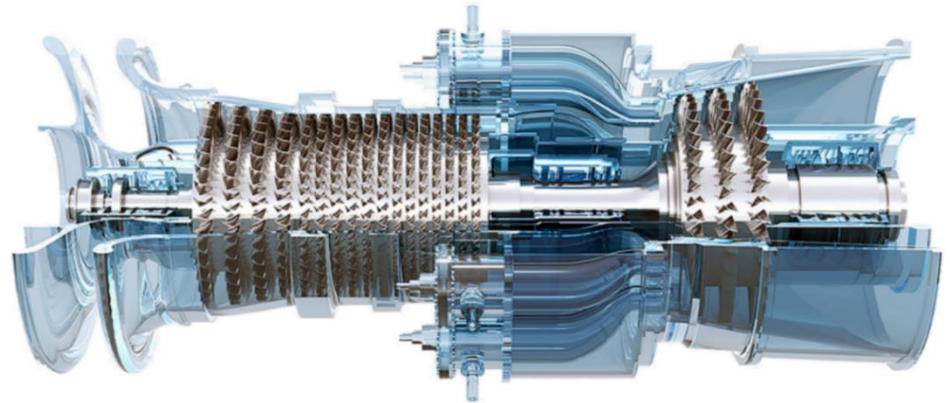
HASTELLOY® B-3®, C-4, C-22®, C-22HS®, G-30®, G-35®, HYBRID-BC1®, N, HAYNES® HR-120®, HR-160®, HR-235®, and ULTIMET® alloys

Q3 Fiscal Year 2023 (ending June 2023):

- Net revenue at **\$17.7 million**, down **27%** from last year and **38%** sequentially. Backlog at **\$40 million** at 6/30/23.
- CPI accounted for **12%** of our revenue this quarter.
- Volume is **462,000 lbs**, down **48%** from last year and down **45%** sequentially.
- Average selling price at **\$38.30/lb.**

Industrial Gas Turbine Market

Large turbines are for power generation, and smaller turbines are for pipeline systems. Our share gain and new alloy initiatives have had a significant and long lasting impact.



**HAYNES® 25, 188, 214®, 230®, 242®, 282®, HR-120®,
and HASTELLOY® X alloys**

Q3 Fiscal Year 2023 (ending June 2023):

- Net revenue at **\$28.1 million**, up **17%** from last year, but down **13%** sequentially. Backlog at **\$108 million** at 6/30/23.
- The industrial gas turbine market accounted for **20%** of our revenue this quarter.
- Volume is **1,311,000 lbs**, up **20%** over last year, but down **8%** sequentially.
- Average selling price is **\$21.41/lb**.

Other Markets and Other Revenue



Emerging technologies allow us to place our new and existing alloys into broader applications and new markets, which can represent potential future commercial value, as well as advance ESG initiatives.

Application Examples:

Fuel cells, concentrated solar power, next-generation nuclear, advanced ultra-supercritical power plants, coal gasification, waste- and biomass- to energy, additive manufacturing, etc.

Q3 Fiscal Year 2023 (ending June 2023):


Other Markets at **\$13.4 million**, down **8%** from last year and down **24%** sequentially.
Other Revenue at **\$7.3 million**, up **12%** from last year, but down **5%** sequentially.
Backlog at **\$34 million** at 6/30/23.

Other markets accounted for **9%** of our revenue this quarter, and other revenue accounted for **5%** of revenue.

Volume in other markets is **278,000 lbs**, down **35%** from last year and down **32%** sequentially.

Average selling price for Other Markets is **\$48.26/lb.**

Reasons for optimism about the long-term future of Haynes



Encouraging to see expanding profitability with the strength of our gross margin, solidly exceeding pre-pandemic levels, when adjusting for the cyber incident and raw materials.

Further growth in volume, revenue and margin dollars are still ahead. This is driven by a Company record backlog at **\$468 million**. Backlog has increased for **27** consecutive months, representing strong demand signals.

Successfully added production headcount along with significant investments in working capital and capital equipment, which has positioned us for growth.

Our alloy and application development is among the best in the industry. We continue to price for the value we provide with our focus on high-value, differentiated applications and products.

Aerospace business continues to show strength with build schedules and forecasts remaining high showing unprecedented demand and growth.

Our business model is well-suited for a recovery with ability to provide customers with smaller quantities from service centers, value-added cutting, and JIT delivery.

Our Company has an impressive earnings power potential and strong liquidity. This is the foundation for growth and continued value creation for our shareholders.

Our four foundational pillars create a compelling investment

Innovation

Industry leader in developing new alloys and new applications for existing alloys

Market-leading producer of high-performance nickel- and cobalt-based alloys

Service

Best-in-class sales and distribution infrastructures that facilitate strong customer service and retention

Long-term relationships with blue-chip customer base

Ability to serve diverse end-markets and geographies

Manufacturing

Strategic capital investments position us to expand product and service capabilities and margins

Continuous improvements and focus on cost optimization

Financial Strength

Strong liquidity position and a well managed balance sheet

Track record of returning capital to shareholders

HAYNES International

Haynes International alloys developed and manufactured throughout our history

Up to the 1950s

STELLITE® (1912)
STELLITE® 6B (1913)
HASTELLOY® A (1921)
HASTELLOY® B (1923)
HASTELLOY® C (1926)
MULTIMET® (1949)
HAYNES® 25 (1950)
HASTELLOY® X (1952)

The 60s through the 90s

HASTELLOY® C-276 (1968)
HAYNES® 188 (1968)
HASTELLOY® C-4 (1973)
HASTELLOY® B-2 (1974)
HAYNES® 556® (1978)
HAYNES® 214® (1981)
HAYNES® 230® (1984)
HASTELLOY® G-30® (1985)
HASTELLOY® C-22® (1985)
HASTELLOY® G-50® (1989)
ULTIMET® (1990)
HAYNES® HR-120® (1990)
HAYNES® 242® (1990)
HAYNES® HR-160® (1990)
HASTELLOY® D-205® (1993)
HASTELLOY® B-3® (1994)
HASTELLOY® C-2000® (1995)

Through the 21st Century

HASTELLOY® C-22HS® (2004)
HASTELLOY® G-35® (2004)
HAYNES® 282® (2005)
HASTELLOY® HYBRID-BC1® (2006)
NS-163® (2007)
HAYNES® HR-224® (2008)
HAYNES® 244® (2012)
HAYNES® HR-235® (2013)
HAYNES® 233® (2016)

We also have new alloy concepts in research and development.

